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October 16, 2003

Mary L. Cottrell
Department of Telecommunications and Energy
One South Station, 2nd Floor
Boston, MA 02110

Re: “NSTAR Green” Program

Dear Secretary Cottrell:

Boston Edison Company, Cambridge Electric Light Company and Commonwealth Electric Company d/b/a NSTAR Electric (the “Company” or “NSTAR Electric”) hereby file for approval by the Department of Telecommunications and Energy (the “Department”) a new renewable power supply offering for the Company’s customers, the “NSTAR Green” supply option. As described herein, the proposed NSTAR Green option would be offered beginning January 1, 2004 to all residential, small commercial and small industrial (“C&I”) customers who take generation service through NSTAR Electric’s Standard Offer and Default Service. Please find attached a pro-forma tariff (Attachment A) that would be filed for each NSTAR Electric company.

- **Background**

In 2003, NSTAR Electric began researching residential customers’ interest in “green” electricity. Research included conducting interviews with vendors, evaluating other utility offerings from around the country, performing residential customer surveys and convening focus groups. The results of these efforts indicate that there is considerable customer interest in having available a green power option.

Currently, there are very few, if any, options for NSTAR Electric’s residential and small C&I customers to purchase from the competitive retail market, including green power. The deregulated market has provided large C&I customers alternatives for products and price; however, the retail market has not yet materialized for the residential and small C&I sector. The surveys and focus groups indicate that customers are still unfamiliar with the current state of restructuring, but would be interested in purchasing

green power if the pricing differentials are relatively low and customers are fully informed about the program.

Based on these results, it was determined that a green power offering would provide a number of benefits. First, residential and small C&I customers would be provided with the opportunity to choose a green power option — a choice that currently they do not have. This new option for customers would have a number of secondary benefits. It would allow them to support directly the generation of power from renewable sources, which would, in turn, facilitate the development of a robust renewables market. It will also have the effect of causing customers to look differently on electricity purchases and the restructuring of the industry. Once customers see that they have a choice with regard to electricity generation, and that making this choice will not change reliability of distribution service, they may be more receptive to future offerings from alternative service providers, which will further the development of the retail competitive market.

The information gathered through the focus groups was important in designing the program. NSTAR Electric has structured the program to balance customers' reactions to different green generating sources, customers' desires to provide a significant increase in the overall green percentage and customers' need to limit the price increases resulting from increasing green supplies. This balance, confirmed in the focus groups, led to the proposed 25 percent incremental green offering,¹ including some wind and solar resources, which would likely result in a roughly 10-15 percent price premium to participating customers.

- **Program Description**

The NSTAR Green option will allow residential and small C&I customers to purchase an incremental 25 percent of the customer's total kilowatthour ("kWh") usage from a new renewable power source, as defined in 225 C.M.R. § 14.00, et seq. NSTAR Electric has solicited bids from wholesale suppliers to provide certificates from new renewable sources. A copy of the form contract for certificates that was included in the request for proposal is included as Attachment B.² Initial bids have been received and the Company is in negotiations for final contract terms and pricing for the certificates. Customers may sign up (or drop) the NSTAR Green option as they desire.³ The

¹ The 25 percent is in addition to the renewable supply that the Company is required to purchase in order to comply with the Division of Energy Resources' Renewable Portfolio Standard regulations. See 225 C.M.R. § 14.00, et seq.

² The Company included the solicitation of renewable power certificates with its semi-annual Default Service procurement, but has not limited potential suppliers to those who bid for the Company's Default Service supply load.

³ Customers that wish to sign up or drop the NSTAR Green option will be required to inform NSTAR Electric at least three days prior to their next meter read.

Company proposes to begin offering this service as of January 1, 2004, with a two-year marketing window to reach saturation.⁴

The Company proposes to keep track of its purchased renewable supply through the use of New England Generation Information System ("NE-GIS") certificates. Similar to the Company's current tracking system for renewable power supply purchases, the Company will create sub-accounts for its NSTAR Green option suppliers to hold NE-GIS certificates, which reflect renewable supply delivered by such suppliers to the Company's customers.

The Company proposes to price its NSTAR Green option based on the underlying rate for the generation (Standard Offer or Default Service), plus the cost of the certificates.⁵ The Company proposes to recover such costs via a charge on participating customer bills that is added to the customer's Standard Offer or Default Service rates. However, the Company will account for its additional NSTAR Green costs separately from its Standard Offer or Default Service supply costs and reconcile such costs annually. The provisions governing the NSTAR Green option will be reflected in a new tariff, provided herewith in draft form as Attachment A.⁶

NSTAR Electric is also in discussions with the Massachusetts Technology Collaborative ("MTC") to enable NSTAR Green customers to qualify for participation in the MTC's Massachusetts Cleaner Energy Choice ("MCEC") Program. According to the MTC, participation in the MCEC Program would permit customers to treat their payments associated with the NSTAR Green option as a tax-deductible charitable contribution. The Company will provide the Department with more information over the coming weeks as discussions with the MTC progress.

- **Consistency with Department Precedent**

The NSTAR Green option is consistent with Department policy regarding renewable power supply options offered by distribution companies, as detailed in Default Service, D.T.E. 02-40-B at 46 (2003). In that order, the Department stated that any distribution company that sought to provide customers with an option to purchase renewable power must "clearly demonstrate that providing such product is compatible

⁴ The NSTAR Green option will be available to all residential and small C&I customers that purchase supply from NSTAR Electric via its respective Standard Offer and Default Service tariffs.

⁵ The Company may, in the future, propose the recovery of any other incremental costs (e.g., administrative or informational) from NSTAR Green customers.

⁶ Upon Department approval of the Company's NSTAR Green option and receipt of prices for renewable energy certificates, the Company will file a NSTAR Green option tariffs, complete with price references, for approval by the Department. The Company intends to file the tariffs no later than December 16, 2003, for effect January 1, 2004. The tariff filings will include the computation of the rates, based on the cost of the certificates.

with the development of competitive options for the customer classes to which the product would be available.”

The NSTAR Green option is consistent with the Department’s policy for several reasons. First, the NSTAR Green option is available only to residential and small C&I customers, which have, to date, been provided relatively few options in the retail competitive market. Therefore, by providing a new generation supply option to such customers, they will be given an opportunity to make a choice relating to generation service that is not currently available, which, in turn, may increase customer awareness about the possible availability of other generation supply options that are offered in the competitive electricity market. In addition, the NSTAR Green option is compatible with the development of competitive options for residential and small C&I customers because it is designed to encourage the development of new renewable power to serve NSTAR Electric customers and, thus, provide incentives to retail suppliers to purchase such power and offer it as a retail competitive supply option. Thus, NSTAR Green represents a cost-effective way to encourage the development of a renewables market, furthers the goals of a competitive market and meets the needs and desires of its residential and small C&I customers.

- **Request for Approval**

By this filing, the Company requests that the Department approve the NSTAR Green option for the Company’s Standard Offer and Default Service customers. Upon Department approval of the program and execution of contracts for renewable certificates to serve NSTAR Green option customers, the Company will file tariffs for the Department’s approval in the form set forth in Attachment A.⁷ The Company requests that the Department provide expedited review of this request, so that NSTAR Green can be offered beginning January 1, 2004. In order to meet a January 1, 2004 implementation date, the Company respectfully requests that the Department approve the Company’s filing by December 14, 2003.

⁷

If the Department approves the form of the tariffs in approving the NSTAR Green program, it is anticipated that individual tariffs would be approved, without suspension, thereafter.

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The Company appreciates the Department's consideration of this request for approval of the Company's NSTAR Green supply option. Please contact me at your convenience if you have any questions regarding the filing.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert N. Werlin". The signature is fluid and cursive, with a large initial "R" and a long, sweeping underline.

Robert N. Werlin

Attachments

cc: Yvette Bégué, Acting General Counsel
Barry Perlmutter, Electric Power Division
Joseph Rogers, Office of the Attorney General
George Dean, Foley Hoag
Robert Sydney, DOER

ATTACHMENT A

NSTAR GREEN POWER ADJUSTMENT

DEFINITIONS

"Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.

"Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.

"Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Standard Offer Service, in accordance with the provisions set forth in this tariff.

"Distribution Company" or "Company" shall mean Boston Edison Company.

"Distribution Service" shall mean the delivery of electricity to the Customer by the Distribution Company.

"Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.

"M.D.T.E." shall mean the Massachusetts Department of Telecommunications and Energy.

"NE-GIS" shall mean the New England Generation Information System, which includes generation information database and certificate system operated by the New England Power Pool.

"NE-GIS Certificates" shall mean documents produced by the NE-GIS that identify the relevant Generation Attributes of each megawatt-hour accounted for in the NE-GIS.

"NSTAR Green" shall mean the service provided by the Distribution Company to customers who selects a generation mix of renewable power.

"New Renewable Generation" shall mean the electrical energy output of a New Renewable Generation Unit or that portion of the electrical energy output of a Generation Unit that qualifies under a Vintage Waiver, pursuant to 225 CMR 14.05(2), or a Co-firing with Ineligible Fuel Waiver, pursuant to 225 CMR 14.05(3).

"New Renewable Generation Unit" shall mean a generation unit that has received a Statement of Qualification from the Massachusetts Division of Energy Resources.

**Issued by: Thomas J. May
 President**

**Filed:
Effective: January 1, 2004**

NSTAR GREEN POWER ADJUSTMENT

DEFINITIONS (continued)

"Standard Offer Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Default Service, in accordance with the provisions set forth in the Company's Standard Offer Service tariff, on file with the M.D.T.E.

AVAILABILITY

NSTAR Green service shall be available to any residential or small commercial & industrial Customer (rate classes R-1, R-2, R-3, R-4, G-1, G-2, T-1, S-1, S-2 and S-3) who is receiving Standard Offer Service or Default Service. Service under this rate to any Customer is subject to both the Company's printed requirements and the Company's Terms and Conditions - Distribution Service, each as in effect from time to time.

APPLICABILITY

Electricity delivered under this Rate Schedule shall be used solely by the Customer on the Customer's own premises for all purposes.

CHARACTER OF SERVICE

Electric service delivered hereunder shall be single or three phase, alternating current, at a nominal frequency of sixty hertz, and at a locally available primary or secondary distribution voltage.

RATE ADJUSTMENT

The rate adjustment for NSTAR Green service, effective January 1, 2004, shall be equal to [X] per kilowatt-hour which shall be added to the applicable supplier services rate for Standard Offer Service or Default Service.

INITIATION OF NSTAR GREEN SERVICE

A Customer that elects the NSTAR Green service provided under this tariff, must notify the Company three (3) or more business days before the next scheduled meter read date to initiate service. If notification is fewer than three (3) days before the Customer's next scheduled meter read date, the NSTAR Green service shall be initiated concurrent with the Customer's subsequent scheduled meter read date.

**Issued by: Thomas J. May
 President**

**Filed:
Effective: January 1, 2004**

NSTAR GREEN POWER ADJUSTMENT

TERMINATION OF NSTAR GREEN SERVICE

NSTAR Green service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of termination service by a Customer or Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the Company receives the notice of termination of NSTAR Green service by the Customer or the Competitive Supplier fewer than two days before the Customer's next scheduled meter read date, NSTAR Green service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating NSTAR Green service.

**Issued by: Thomas J. May
 President**

**Filed:
Effective: January 1, 2004**

ATTACHMENT B

**AGREEMENT FOR THE PURCHASE AND SALE OF
MASSACHUSETTS NEW RENEWABLE ENERGY CERTIFICATES**

This AGREEMENT FOR THE PURCHASE AND SALE OF MASSACHUSETTS NEW RENEWABLE ENERGY CERTIFICATES (this "Agreement") is made as of _____, 2003 (the "Effective Date") by and between _____, ("Seller"), and BOSTON EDISON COMPANY, CAMBRIDGE ELECTRIC LIGHT COMPANY, and COMMONWEALTH ELECTRIC COMPANY, (collectively, "Buyer"). In this Agreement, Buyer and Seller are sometimes referred to individually as a "Party" and collectively as the "Parties."

RECITALS:

WHEREAS, the Massachusetts Division of Energy Resources ("DOER") passed and approved 225 CMR 14.00 to implement the General Laws of the Commonwealth of Massachusetts, M.G.L. c. 25A, § 11F; and

WHEREAS, the NE-GIS has been approved by the DOER as a means for compliance with 225 CMR 14.00; and

WHEREAS, the NE-GIS produces NE-GIS Certificates, of which certain NE-GIS Certificates comply with 225 CMR 14.00 and are designated in such regulation as New Renewable Generation Attributes ("Renewable Attributes"); and

WHEREAS, Seller, in response to a Request for Proposal dated September 17, 2003 issued by Buyer, has been selected to be a Seller of Renewable Attributes and the associated MA New Renewable Energy Certificates, to satisfy the requirements for Buyer's Green Power Service, as defined herein, for [] of the requirements for the period [] through [] (the "Delivery Term") of the customers of [] in each Customer Group and Load Zone.

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises hereinafter set forth, the Parties, intending to be legally bound, agree as follows:

ARTICLE I: DEFINITIONS

1.1 Definitions. In addition to any other terms defined herein, the following terms shall have the meaning ascribed to them as set forth below:

(a) "Business Days" means a day on which Federal Reserve member banks in New York City are open for business; and a Business Day shall open at 8:00 a.m. and close at 5:00 p.m. Eastern Prevailing Time ("EPT").

(b) "Confidential Information" means all information regarding Buyer's customers, and all other oral and written information exchanged between the Parties which the parties agree to maintain as confidential. The following exceptions, however, do not constitute Confidential Information for purposes of this Agreement: (a) information that is or becomes generally available to the public other than as a result of a disclosure by either Party in violation of this Agreement; (b) information that was already known by either Party on a non-confidential basis prior to this Agreement; (c) information that becomes available to either Party on a non-confidential basis from a source other than the other Party if such source was not subject to any prohibition against disclosing the information to such Party; and (d)

information a Party is required to disclose in connection with any administrative or regulatory approval or filing process in connection with the conduct of its business.

(c) "Confirmation" means a written document describing and confirming a transaction between the Parties under this Agreement.

(d) "Delivery" or "Deliver" means Seller's electronic delivery of MA New Renewable Energy Certificates via the NE-GIS to the Buyer's account within the NE-GIS.

(e) "Delivered Energy" means the quantity of Energy, expressed in MWhs, delivered to the applicable NSTAR Electric retail Customers. This quantity shall be the quantity of Energy reported to the ISO by NSTAR Electric and/or its agent for each applicable Load Asset. Such quantity includes transmission and distribution losses on NSTAR Electric's respective systems to the meters of each customer. PTF losses calculated by the ISO shall not be included in the calculation of Delivered Energy.

(f) "Eligibility Criteria" shall have the meaning set forth under 225 CMR 14.00.

(g) "Green Power Service" means the service provided to Buyer's customers who receive service under the Default and Standard Offer Service Tariff and are within the Residential and Commercial Customer Groups who have elected to participate in the NSTAR Green Program, as approved by the MDTE, which enables Buyer's Green Power Service customers to obtain, in addition to the RPS Requirement that shall be supplied to such customers by the Default or Standard offer supplier (as applicable) under separate agreement, 25% of such customer's Default Supply Service from resources having Renewable Attributes, with not less than 5% of the aforementioned Renewable Attributes supplier under this Agreement being generated by qualifying wind or solar New Renewable Generation Units

(h) "Green Power Load" - means the amount of Delivered Energy delivered to the following Load Assets

Asset ID	Asset Name	Description
?	GRN_DS_RES_BECO NEMA LOAD	Residential Default Green BECO NEMA
?	GRN_SOS_BECO NEMA LOAD	Standard Offer Green BECO NEMA
?	GRN_DS_COM_BECO NEMA LOAD	Commercial Default Green BECO NEMA
?	GRN_DS_RES_BECO SEMA LOAD	Residential Default Green BECO SEMA
?	GRN_SOS_BECO SEMA LOAD	Standard Offer Green BECO SEMA
?	GRN_DS_COM_BECO SEMA LOAD	Commercial Default Green BECO SEMA
?	GRN_DS_RES_COMM LOAD	Residential Default Green – COMM (SEMA)
?	GRN_SOS_COMM LOAD	Standard Offer Green – COMM (SEMA)
?	GRN_DS_COM_COMM LOAD	Commercial Default Green COMM SEMA
?	GRN_DS_RES_CAMBRIDGE LOAD	Residential Green Service - CELC (NEMA)
?	GRN_SOS_CAMBRIDGE LOAD	Standard Offer Green – CELC (SEMA)
?	GRN_DS_COM_CAMBRIDGE LOAD	Commercial Green Service - CELC (NEMA)

(i) "Green Power Requirement"- means MA New Renewable Energy Certificates representing the number of MWhs calculated as the product of (a) Delivered Energy (grossed up for PTF losses) to the applicable Customer Group and Load Zone during the Delivery Term, (b) 0.25, rounded up to the next whole MWh.

(j) "ISO" – The independent system operator, or successor, established in accordance with the NEPOOL Agreement and the Interim Independent System Operator Agreement as amended, superseded or restated from time to time.

(k) "Load Zone" – Reliability Regions resulting from implementation of SMD and as defined for use in the ISO-NE Settlement System. The customers of Commonwealth Electric Company are within the Southeastern Massachusetts Load Zone ("Z.SEMASS" or "SEMA") and the customers of Cambridge Electric Light Company are with the Northeastern Massachusetts Load Zone ("Z.NEMASSBOST" or "NEMA"). The customers of Boston Edison Company are within both the NEMA and SEMA Load Zones.

(l) "MA New Renewable Energy Certificates" - means certain NE-GIS Certificates that have the relevant generation attributes from a New Renewable Generation Unit that complies with the Renewable Energy Portfolio Standards. MA New Renewable Energy Certificates shall conform with the Eligibility Criteria set forth in applicable Massachusetts regulations, must originate during the same calendar quarter for which they are being supplied, and must be eligible for the Renewable Energy Portfolio Standard, and shall represent title to and claim over all environmental attributes associated with the specified MWh of generation from the new renewable generation unit.

(m) "MWh" - means Megawatt-hour.

(n) "NE-GIS" - means the New England Generation Information System, which includes a generation information database and certificate system, operated by NEPOOL, its designee or successor entity, that accounts for generation attributes of electricity consumed within New England.

(o) "NE-GIS Certificate" - means an electronic record produced by the NE-GIS that identifies the relevant generation attributes of each MWh accounted for in the NE-GIS.

(p) "NEPOOL" - means the New England Power Pool and any successor or assign.

(q) "Renewable Energy Portfolio Standards" - means the regulations promulgated pursuant to M.G.L. c. 25A, § 11F, that requires a minimum percentage of electricity sold to end-use customers in the Commonwealth of Massachusetts to be derived from certain renewable energy generating resources beginning on January 1, 2003, as more explicitly provided for in 225 CMR 14.00.

(r) "RPS Requirement" means NE-GIS Certificates representing the number of MWhs calculated as the product of (a) Delivered Energy (grossed up for PTF losses) to the applicable Customer Group and Load Zone during the Delivery Term, (b) 0.015, rounded up to the whole MWh for the period January 1, 2004 through December 31, 2004.

(s) "Trading Period" - means the period of time during which NEPOOL permits MA New Renewable Energy Certificates of a particular vintage to be transferred between entities on the NE-GIS.

ARTICLE II: PURCHASE AND SALE OF MA NEW RENEWABLE ENERGY CERTIFICATES

2.1 Purchase. Subject to the terms and conditions of this Agreement, Seller agrees to sell, assign and transfer to Buyer, and Buyer agrees to purchase from Seller, the full amount of the Green Power Requirement, and at a total purchase price of \$ ____ per Mwh ("Total Price"). The quantity of the Green Power Requirement to be delivered by Seller hereunder shall be initially estimated in accordance with the attached Schedule _____. Buyer shall be obligated to provide the full amount of MA New Renewable Energy Certificates associated with the Green Power Requirement, regardless of the accuracy of the Buyer's

aforementioned estimates, the number of customers participating in the Green Power Program, market conditions, or the variation in the Delivered Energy for Green Power Program Customers.

2.2 Title Transfer/Delivery. No later than five (5) business days after the first day in the Trading Period for the Contract MA New Renewable Energy Certificates, Seller shall effect Delivery of the Contract MA New Renewable Energy Certificates applicable to such period to Buyer, whereupon title to and interest in such MA New Renewable Energy Certificates shall transfer to Buyer. Seller shall cause Delivery in accordance with the applicable rules and procedures relating to the NE-GIS.

2.3 Payment. Within fifteen (15) Business Days after Delivery, Buyer shall pay for the MA New Renewable Energy Certificates in full, by paying the Total Price to Seller for those Certificates received from Seller in Buyer's NE-GIS Account. Promptly following Delivery, Seller shall submit to Buyer and invoice with sufficient detail for Buyer to verify the calculation and the total amount due and payable. The parties acknowledge and agree that the amount of MA New Renewable Energy Certificates provided by Seller hereunder shall be initially estimated, based on Buyer's load projections for those customers participating in the Green Power Program. Seller's invoices shall be subject to adjustment, whether positive or negative, in subsequent invoices by application of the applicable Total Price to any such adjusted quantities reflecting actual load.

2.4 Good Funds. All funds paid by Buyer to Seller shall be rendered in the form of immediately available United States dollars.

2.5 Taxes. Each Party shall pay any taxes or other fees associated with its respective purchase or sale of the Contract MA New Renewable Energy Certificates as described herein.

2.6 Disputed Invoices. If a Party, in good faith, disputes an invoice, the disputing Party shall immediately notify the other Party of the basis for the dispute and pay the undisputed portion of such invoice no later than the due date. Upon resolution of the dispute, any required payment shall be made within two (2) Business Days of such resolution along with interest as specified herein accruing from and including the due date to but excluding the date paid. Any overpayments shall be returned by the receiving Party upon request or deducted by the receiving Party from subsequent payments with interest accrued at the rate specified herein until the date paid or deducted from and including the date of such overpayment to (but excluding) the date repaid or deducted by the Party receiving such overpayment.

2.7 Excess Certificates. If Seller has transferred more NE-GIS Certificates than required pursuant to Section 2.1 above to the NE-GIS accounts of Buyer as of the expiration or termination of this Agreement, Buyer agrees to transfer to Seller or Seller's NE-GIS certificate account, as applicable and as soon as practicable thereafter, such excess amount of NE-GIS Certificates.

ARTICLE III: REPRESENTATIONS AND WARRANTIES

3.1 Seller representations and warranties. Seller hereby represents and warrants to Buyer as follows:

(a) Seller has and, at all times during the term of this Agreement will have, all necessary corporate power and authority to execute and deliver this Agreement and perform its obligations hereunder.

(b) The execution, delivery and performance of this Agreement by Seller have been duly authorized by all necessary corporate action and do not violate any of the terms or conditions of Seller's governing documents, or any law, rule, regulation, order, judgment or other legal or regulatory determination applicable to Seller.

(c) At the time of Delivery of the Contract MA New Renewable Energy Certificates by Seller hereunder, the DOER has approved such MA New Renewable Energy Certificates to qualify under the Renewable Energy Portfolio Standard.

(d) EXCEPT AS EXPRESSLY SET FORTH IN THIS AGREEMENT, SELLER EXPRESSLY NEGATES ANY OTHER REPRESENTATIONS OR WARRANTIES, WHETHER WRITTEN OR ORAL, AND WHETHER EXPRESS OR IMPLIED INCLUDING WITHOUT LIMITATION, ANY REPRESENTATION OR WARRANTY WITH RESPECT TO CONFORMITY TO MODELS OR SAMPLES, MERCHANTABILITY, OR FITNESS FOR ANY PARTICULAR PURPOSE.

3.2 Buyer representations and warranties. Buyer hereby represents and warrants to Seller as follows:

(a) Buyer has, and at all times during the term of this Agreement will have, all necessary corporate power and authority to execute and deliver this Agreement and perform its obligations hereunder.

(b) The execution, delivery and performance of this Agreement by Buyer have been duly authorized by all necessary corporate action and do not violate any of the terms or conditions of Buyer's governing documents, or any law, rule, regulation, order, judgment or other legal or regulatory determination applicable to Buyer.

3.3 Survival. This Article III shall survive expiration or termination of this Agreement.

ARTICLE IV: EVENTS OF DEFAULT

4.1 Events of Default. For purposes of this Agreement, a Party shall be in default:

(a) If (i) that Party materially breaches any or all of its obligations as described in this Agreement and such breach is not cured within 5 Business Days of written notice of such breach from the other Party; or (ii) if any representation or warranty made by that Party in Article III of this Agreement proves to have been misleading or false in any material respect when made and such Party does not cure the underlying facts so as to make such representation or warranty correct and not misleading within 5 Business Days of written notice from the other Party; and (iii) in either case, the Party is materially damaged or injured as a direct result thereof; or

(b) if a Party: (i) makes an assignment or any general arrangement for the benefit of its creditors, (ii) files a petition or otherwise commences, authorizes or acquiesces in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors, or has such a petition filed against it and such proceeding remains undismissed for 30 days, (iii) otherwise becomes bankrupt or insolvent (however evidenced), or (iv) becomes unable to pay its debts as they fall due.

ARTICLE V: REMEDIES UPON DEFAULT

5.1 Remedies. If either Party is in default as set forth in Article 4 at any time during the term of this Agreement (the "Affected Party"), the other Party (the "Notifying Party") may (i) without prior written notice to the Affected Party terminate this Agreement, (ii) withhold any payments due in respect of this Agreement to the extent of its damages pursuant to this Article 5, and (iii) exercise such remedies as provided in this Agreement, including an action for damages (except as limited by Section 5.6); provided, however, that upon the occurrence of any default listed in Section 4.1 above as it may apply to

any Party, this Agreement shall automatically terminate, without notice, immediately prior to such default.

5.2 Termination By Seller. In the Event of a Default by Buyer, and Seller elects to terminate this Agreement, then Buyer shall pay Seller, within five (5) business days of invoice receipt, an amount for such deficiency equal to the positive difference, if any, obtained by subtracting Seller's sale price for the portion of the Contract MA New Renewable Energy Certificates resold as cover from the Total Price (including its transaction costs). Except with respect to breaches of Article VII, no other damages will be available to Seller.

5.3 Termination By Buyer. In the event of a default by Seller, and Buyer elects to terminate this Agreement, then Seller shall be obligated to pay Buyer within five (5) business days of invoice receipt, an amount equal to the commercially reasonable cost to Buyer (including its transaction costs) of purchasing MA New Renewable Energy Certificates equivalent to those that were to be delivered under this Agreement but which Seller failed to deliver, less the cost (including transaction costs) that Buyer would have had to pay under this Agreement for the same number of MA New Renewable Energy Certificates. Except with respect to breaches of Article VII, no other damages will be available to Buyer.

5.4 Interest. All overdue payments shall bear interest from (and including) the due date to (but excluding) the date of payment at a rate equal to one percent (1%) over the per annum rate of interest equal to the prime lending rate as may from time to time be published in the Wall Street Journal under "Money Rates;" provided, the interest rate shall never exceed the maximum lawful rate permitted by applicable law.

5.5 Exclusive Remedy. THE REMEDIES SET FORTH IN THIS ARTICLE V ARE THE SOLE AND EXCLUSIVE REMEDIES IN THE EVENT OF A DEFAULT, AND A PARTY'S LIABILITY SHALL BE LIMITED AS SET FORTH IN THIS SECTION. ALL OTHER REMEDIES OR DAMAGES AT LAW ARE HEREBY WAIVED.

5.6 Limitation of Liability. IN THE EVENT OF A DEFAULT, THE DEFAULTING PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT, ACTUAL DAMAGES ONLY, AND SUCH DIRECT, ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY HEREUNDER. IN NO EVENT SHALL ANY OTHER LIABILITY BE INCURRED BY EITHER PARTY FOR ANY OBLIGATIONS WHICH ARISE UNDER THIS AGREEMENT, INCLUDING (BUT NOT LIMITED TO) CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY, OR INDIRECT DAMAGES IN TORT, CONTRACT, OR OTHERWISE.

5.7 No Joint and Several Liability of Buyer. Notwithstanding any provision to the contrary herein, the Parties agree that Boston Edison Company, Cambridge Electric Light Company, and Commonwealth Electric Company shall not be jointly and severally liable for the obligations hereunder.

ARTICLE VI: NOTICES AND FORMAL COMMUNICATION

6.1 Notices. All notices, other formal communications which either Party may give to the other under or in connection with this Agreement shall be in writing and shall be sent by any of the following methods: hand delivery; reputable overnight courier; certified mail, return receipt requested; or, with respect to communications other than payments, by facsimile transmission, if the original communication is delivered by reputable overnight courier. The communications shall be sent to the following addresses, and shall be effective when received:

If to the Buyer:

Gary Cunningham
NSTAR Electric and Gas
NE220
One NSTAR Way
Westwood, MA 02090

(781) 441-8059 (tel.)
(781) 441-8053 (fax)

If to the Seller:

[Name]
[Company]
[Address]
[City, State and Zip]
[Phone]
[Fax]

ARTICLE VII: CONFIDENTIALITY

7.1 Confidentiality. Except as provided in this Section, neither Party shall publish, disclose, or otherwise divulge Confidential Information to any person at any time during or after the term of this Agreement, without the other Party's prior express written consent. Each Party shall permit knowledge of and access to Confidential Information only to those of its affiliates, attorneys, accountants, representatives, agents and employees who have a need to know related to this Agreement.

7.2 Required and Permitted Disclosures. If required by any law, statute, ordinance, decision, order or regulation passed, adopted, issued or promulgated by a court, governmental agency or authority having jurisdiction over a Party, or as otherwise required in connection with any administrative or regulatory approval or filing process in connection with the conduct of its business, that Party may release Confidential Information, or a portion thereof, to the court, governmental agency or authority, as required by the applicable law, statute, ordinance, decision, order or regulation, and a Party may disclose Confidential Information to accountants in connection with audits, provided that such Party has notified the other Party of the required disclosure, such that the other Party may attempt (if such Party so chooses) to cause that court, governmental agency, authority or accountant to treat such information in a confidential manner and to prevent such information from being disclosed or otherwise becoming part of the public domain.

7.3 Survival. This Section shall survive for a period of three (3) years following the expiration or termination of this Agreement.

ARTICLE VIII: MISCELLANEOUS

8.1 Assignment. This Agreement is not assignable by either Party, except as provided herein, without the prior written consent of the non-assigning Party, which consent shall not be unreasonably withheld, delayed or conditioned. Any assignment without the prior approval of the non-assigning Party is voidable by such non-assigning Party; provided, however, either Party may, without the consent of the other Party (and without relieving itself from liability hereunder), (i) transfer, sell, pledge, encumber or assign this Agreement or the accounts, revenues or proceeds hereof in connection with any financing or other financial arrangements, (ii) transfer or assign this Agreement to an affiliate of such Party which affiliate's creditworthiness is equal to or higher than that of such Party, or (iii) transfer or assign this Agreement to any person or entity succeeding to all or substantially all of the assets whose creditworthiness is equal to or higher than that of such Party; provided, however, that in each such case, any such assignee shall agree in writing to be bound by the terms and conditions hereof.

8.2 Amendment/Binding Effect. This Agreement may not be amended, changed, modified, or altered unless such amendment, change, modification, or alteration is in writing and signed by both of the Parties to this Agreement or their successor in interest. This Agreement inures to the benefit of and is binding upon the Parties and their respective successors and permitted assigns.

8.3 Severability. If any article, section, phrase or portion of this Agreement is, for any reason, held or adjudged to be invalid, illegal or unenforceable by any court of competent jurisdiction, such article, section, phrase, or portion so adjudged will be deemed separate, severable and independent and the remainder of this Agreement will be and remain in full force and effect and will not be invalidated or rendered illegal or unenforceable or otherwise affected by such adjudication, provided the basic purpose of this Agreement and the benefits to the Parties are not substantially impaired.

8.4 Entire Agreement. This Agreement completely and fully supersedes all other understandings or agreements, both written and oral, including any term sheet or confirmation, between the Parties relating to the subject matter hereof.

8.5 Waiver. No delay or omission by a Party in the exercise of any right under this Agreement shall be taken, construed, or considered as a waiver or relinquishment thereof, and any such right may be exercised from time to time and as often as may be deemed expedient. If any of the terms and conditions herein are breached and thereafter waived by a party, such waiver is limited to the particular breach so waived and is not deemed to waive any other breach hereunder.

8.6 Governing Law. This Agreement and the rights and duties of the Parties hereunder shall be governed by and shall be construed, enforced and performed in accordance with the laws of the Commonwealth of Massachusetts, without regard to principles of conflicts of law.

8.7 Counterparts. This Agreement may be executed in several counterparts, each of which is an original and all of which constitute one and the same instrument.

8.8 Headings. The Article and section titles in this Agreement are only for purposes of convenience and do not form a part of this Agreement and will not be taken to qualify, explain or affect any provision thereof.

8.9 Term of Agreement. The term of this Agreement shall commence on the Effective Date and shall remain in effect until all obligations of the parties hereunder are fully satisfied and discharged, unless terminated at an earlier date pursuant to the several provisions hereof; provided, however, that such

expiration or termination shall not affect or excuse the performance of either Party under any provision of this Agreement that by its terms survives any such termination.

8.10 Security For Performance. Seller shall provide Buyer, on or before _____, 2003, an irrevocable letter of credit or other security instrument in a form and from and issuer in each case acceptable to Buyer and that in the amount of (\$ _____), which will allow Buyer to draw on the letter of credit to cover any damages or costs incurred by Buyer in the event of any Default by Seller under this Agreement. Seller shall maintain such letter of credit for the entire Term of this Agreement.

8.11 Uniform Disclosure Requirements. On a calendar quarterly basis, Seller shall provide Buyer information pertaining to power plant emissions, fuel types, labor information and any other information to the extent required by Buyer to comply with the uniform disclosure requirements contained in 220 CMR 11.00 and any other applicable requirements.

8.12 Competitive Affiliates of Seller. If a Competitive Affiliate of Seller exists during the Term, Seller shall not disclose any information received from Buyer regarding an individual retail customer of Buyer or regarding this Agreement, or assign any interest hereunder, to any such Competitive Affiliate. The term "Competitive Affiliate" shall be as defined in 220 C.M.R 12, and shall refer to an entity that is engaged in the sale of electricity to customers in Massachusetts.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the date first set forth above.

BOSTON EDISON COMPANY
CAMBRIDGE ELECTRIC LIGHT COMPANY
COMMONWEALTH ELECTRIC COMPANY

By: _____
Name: _____
Title: _____

[COMPANY]

By: _____
Name: _____
Title: _____

SCHEDULE A

ESTIMATE OF GREEN POWER PROGRAM
RENEWABLE ENERGY CERTIFICATES

Month

Quantity